

## Message Text

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ORIGIN EA-12

INFO OCT-01 ISO-00 L-03 EB-08 COME-00 TRSE-00 OMB-01  
CIAE-00 INR-10 NSAE-00 OPIC-03 H-01 OES-07 DOE-11  
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EB/IFD/OIA - D. GRANT (INFO)

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R 282101Z FEB 78

FM SECSTATE WASHDC

TO AMEMBASSY JAKARTA

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E.O. 11652: NA

TAGS: ENRG, BDIS, ID

SUBJECT: TEXAS INSTRUMENTS (TI) COMPLAINT ON CONFISCATION  
OF EQUIPMENT IN KALIMANTAN

1. ON FEBRUARY 22, THE DEPARTMENT (EA/TIMBS AND L)  
WAS VISITED BY J.E. KERR, VICE PRESIDENT OF GEOPHYSICAL  
SERVICE, INC., (GSI, A WHOLLY-OWNED TEXAS INSTRUMENTS  
(TI) SUBSIDIARY) AND JOHN MCCORMACK, ATTORNEY FOR TI, BOTH  
OF DALLAS. PURPOSE OF THE VISIT WAS TO EXPLAIN AND EN-  
LIST USG SUPPORT IN LONGSTANDING BATTLE WITH COURTS AND  
LABOR OFFICER IN BALIKPAPAN, KALIMANTAN. THE TWO OFFI-  
CIALS INDICATED THAT THE EMBASSY IS AWARE OF THE CASE,  
HAVING BEEN VISITED BY PAT MCNEIL, RESIDENT SUPERVISOR  
OF GSI, IN JUNE 1977.

2. MAIN OUTLINES OF THE CASE AS TOLD TO US FOLLOW:  
INDONESIA SURVEY, ANOTHER TI SUBSIDIARY ON CONTRACT TO  
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UNION FOR EXPLORATION WORK, HAD A SEISMIC CREW OPERATING  
NORTHWEST OF BALIKAPAPAN IN EARLY 1976. INDONESIA  
SURVEY HIRED A CONTRACTOR WHO IN TURN CONTRACTED WITH  
LOCAL LABOR. WHEN THE COMPANY LEARNED THAT THE INDONESIAN  
CONTRACTOR HAD NOT PAID WAGES FOR TWO MONTHS, HE WAS  
FIRED, BUT THE CREW WAS KEPT ON, ANOTHER CONTRACTOR  
HAVING BEEN FOUND TO MANAGE THE LABOR. THE FIRED CON-

TRACTOR CLAIMED TERMINATION PAY OF 50,000 U.S. DOLLARS, WENT TO A LOCAL COURT, AND RECEIVED A FAVORABLE RULING. GSI APPEALED THE DECISION TO A HIGHER COURT AND TO THE DIRECTOR GENERAL FOR MANPOWER IN JAKARTA. GSI STATES THAT THEY RECEIVED FAVORABLE RULINGS OR, IN ONE CASE, AN ORDER TO SETTLE FOR 5,000 DOLLARS TERMINATION PAY, WHICH THE COMPANY WAS WILLING TO DO. THIS SETTLEMENT WAS REFUSED BY THE CONTRACTOR.

3. DESPITE REVERSAL AT HIGHER LEVELS, LOCAL AUTHORITIES IN BALIKAPAPAN PROCEEDED TO CONFISCATE GSI PROPERTY VALUED AT 300,000 DOLLARS IN BALIKAPAPAN (BARGES AND A TUGBOAT) AND TO SELL THEM AT AN AUCTION. AN INJUNCTION BY THE SUPREME COURT AGAINST THE TRANSPORTATION OF THESE VESSELS OUTSIDE OF BALIKAPAPAN FAILED TO STOP THEIR FLIGHT. SIMILAR GSI EFFORTS HAVE MADE NO PROGRESS IN SECURING SUPPORT FOR THE HIGHER LEVEL DECISIONS, NOR ANY MOVEMENT TOWARD RECOVERY OF THEIR PROPERTY WHICH HAS SUBSEQUENTLY BEEN DISPERSED ALONG THE KALIMANTAN COAST.

4. WHILE WE DID NOT EXPRESS NOR DO WE FEEL ANY SANGUINENESS ABOUT THE LIKELIHOOD OF SUCCESS IN PRESSING THEM FURTHER, ON THE BASIS OF THE STATED FACTS, TI APPEARS TO BE THE VICTIM OF A SYSTEM WHICH REFUSES TO ENFORCE ITS OWN JUDICIAL DECISIONS. HOWEVER, BEFORE WE LIMITED OFFICIAL USE

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WOULD ACT IN FURTHERANCE OF THEIR CLAIM, WE SUGGESTED TI SUBMIT DOCUMENTATION OF THE CASE SO THAT WE AND THE EMBASSY COULD ASSESS THAT CLAIM.

5. PENDING SUBMISSION OF THE DOCUMENTS AND FURTHER VIEWS REACHED HERE, EMBASSY INPUT INTO THIS CASE WOULD BE WELCOME. YOUR VIEWS IN PARTICULAR SOLICITED ON WHETHER WE SHOULD OFFER TI ANY HOPE FOR SUCCESS WITH OR WITHOUT ACTUAL EMBASSY INTERVENTION. WHILE THIS IS A SMALL CLAIM AND NOT OF TREMENDOUS IMPORTANCE, IT IS KIND OF PROBLEM WHICH IS THE BASIS FOR THE REPUTATION OF

INDONESIA AS A DIFFICULT COUNTRY IN WHICH TO OPERATE. VANCE

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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** CONFISCATION, EQUIPMENT  
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**Decaption Date:** 01 jan 1960  
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**TAGS:** ENRG, BDIS, ID, TEXAS INSTRUMENTS  
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**Review Markings:**  
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